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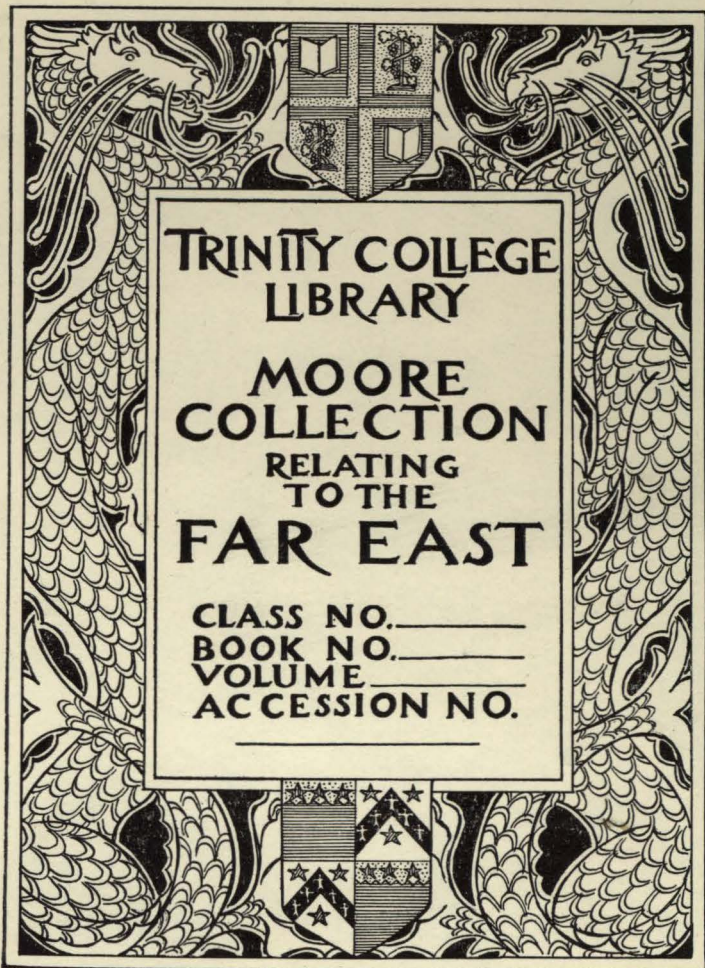
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The Guaranty News

SEPTEMBER, 1918

A Fairer Division Coming

An Interview with Mr. Sabin



The Awakening of a Great Nation

Published by

THE GUARANTY CLUB OF NEW YORK

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The Awakening of a Great Nation

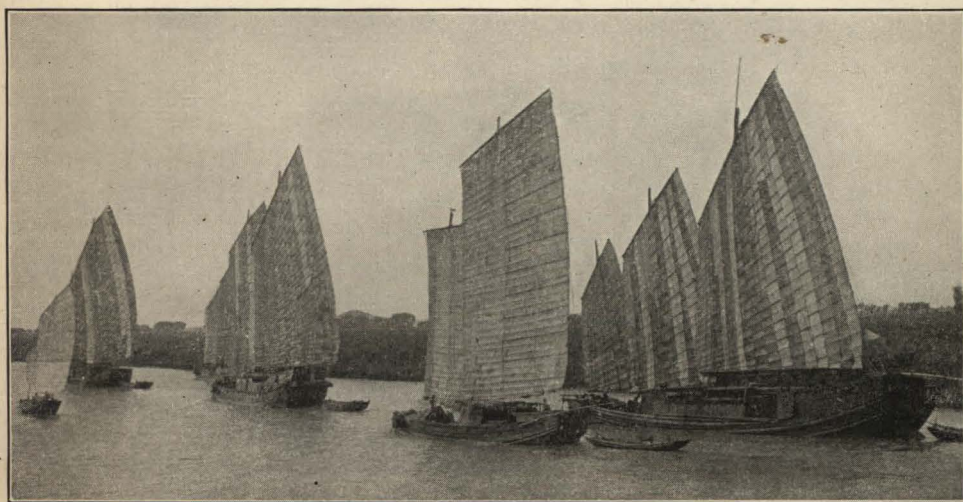
Trade, Industries and Resources of Central and Northern China and Manchuria

WHILE the present war has been the most destructive in the experience of mankind, it has also been one of the most powerful constructive elements the world has ever known. It has affected, directly or indirectly, every nation on earth, and, through the dire necessity occasioned by it, has energized practically all humanity. The impetus, too, which it has given to nearly all peoples will not have been spent by the time peace is declared, and, unquestionably, will result in a great world-wide development.

The possibilities, indeed, are plainly forecast today in China, which is one of the very richest fields awaiting commercial, industrial and financial cultivation. The steadily increasing influx of foreigners into China since the beginning of the war is significant of vast future potentialities,

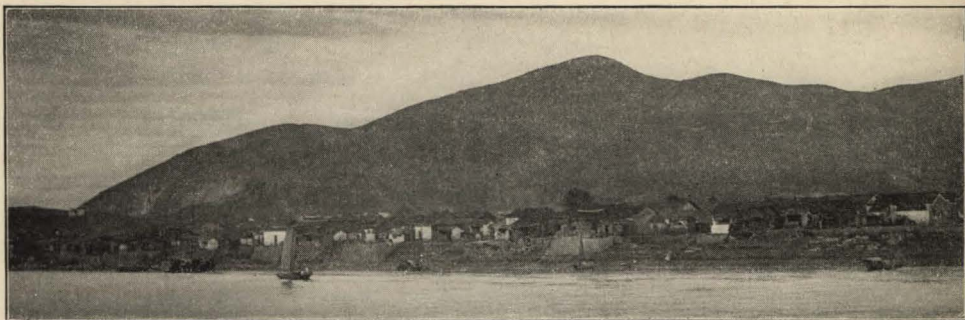
as well as of the fundamental and far-reaching political and social changes which are transforming China into a country of attractive business and investment opportunities. Ample evidence of the growing realization of China's commercial possibilities is to be found in the latest official reports which disclose that there were in China in 1917, 7,055 foreign firms and 220,485 foreign residents, as compared with 4,742 firms and 185,613 residents in 1914.

The proposed loan of \$50,000,000 to China by the United States, Great Britain, France and Japan, which has been sanctioned by our State Department, will enable China not only to take a more active part as one of the Allies in the war against Germany, but will also aid materially in the economic and financial rehabilitation of the country. It will



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Chinese salt junks on the Yangtze Kiang



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One of the mining towns on the Yangtse Kiang, in the center of the iron and coal mining field

tend indirectly, but, nevertheless, potentially, to foster trade relations between the Chinese and the lending nations, and lay the basis for the future participation of the latter in the development of China.

And, through the expansion of China's commerce, the ships which the pressing needs of war are sending down the ways along our Pacific coast will find profitable cargoes when peace is established. As a consequence, our seaports on the great western ocean will steadily grow more important and prosperous.

With a view to active participation in the development first of the northern part of China, particularly, the Asia Banking Corporation was recently formed under the laws of New York State with a capital of \$2,000,000 and a surplus of \$500,000, all of which has been paid in. Among the stockholders of the new company are the Guaranty Trust Company of New York, the Bankers Trust Company, the Mercantile Bank of the Americas, the Anglo and London, Paris National Bank of San Francisco, the First National Bank of Portland, Oregon, and the National Bank of Commerce of Seattle, Washington.

Charles H. Sabin, President of the Guaranty Trust Company of New York, is President of the new company. The Vice-Presidents are Albert Breton, Vice-

President of the Guaranty Trust Company, and Ralph Dawson, Assistant Secretary of the Guaranty Trust Company. Robert A. Shaw, of the Overseas Division of the Foreign Department of the Guaranty, is the Secretary, and F. R. Sandford, Jr., is the Treasurer. The directors are Charles H. Sabin, Seward Prosser, President of the Bankers Trust Company; Thatcher M. Brown of Brown Brothers and Company, who will represent the interest of the Mercantile Bank of the Americas; Eugene W. Stetson, Albert Breton and William C. Lane, Vice-Presidents of the Guaranty Trust Company of New York; F. I. Kent, Vice-President of the Bankers Trust Company; Herbert Fleishhacker, President of the Anglo and London, Paris National Bank, San Francisco, Cal.; M. F. Backus, President of the National Bank of Commerce, Seattle, Wash.; C. F. Adams, Vice-President of the First National Bank, Portland, Oregon; and George E. Smith, President of the Royal Typewriter Company and of the American Manufacturers Export Association, New York. In New York the bank will occupy the second floor at No. 66 Liberty Street.

The Far Eastern territory where the Asia Banking Corporation contemplates centering its activities comprises mainly the northern and part of the central

provinces of China, Manchuria, and Southeastern Siberia. It covers an area of about 2,800,000 square miles with a population of approximately 340 million people. Eighty per cent. of the foreign trade of the entire Chinese nation is transacted through the seaports of this territory.

Branches of the Corporation will be established in Shanghai, Peking, Tientsin, Hankow, Harbin and Vladivostock—strategic trade centers.

Shanghai

While China has more than 2,000 miles of coastline, it has very few harbors suitable for trade purposes, chiefly because they lack adequate means of communication with the interior. Shanghai, with a population of about 700,000, is the only port which has a natural waterway extending far into the interior of China. It is located on the Whang-pu which runs into the estuary of the Yangtze River which opens up the central portion of China to the trade of the world. It is navigable, except during the dry season, to Hankow, for a distance of 600 miles for ocean steamers and for small steamers to Ichang,

a distance of more than 900 miles, and for small river boats to a distance of 1,700 miles from the seacoast.

The valley of the Yangtze River is the only one of material size in China and in extent is somewhat comparable to our Great Mississippi Valley, except that it is broken up into basins by intersecting mountain ranges. The basins of this valley are among the most fertile sections of China. In addition to the Yangtze River, Shanghai is connected with the great agricultural region extending northward 750 miles, by means of the Yangtze River and the Grand Canal reaching Tientsin, and also by a railway line which extends from Shanghai through Nanking, by ferry to Pukow, Tientsin, and Peking. Shanghai ranks as the first port of China with approximately 40 per cent. of the entire trade of the country passing through this port, the value of which in 1917 amounted to over 407 million Haikwan Taels (at the rate of exchange for that year, one Tael equals approximately \$1.03).

Shanghai is primarily the distributing center of China and, in addition, the most



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Shanghai, overlooking the Soochow River



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The Bund, Shanghai

important industrial center. The main industries are cotton spinning and weaving, and that Shanghai will be the center of the cotton industry of the Far East is indicated by the shifting of other cotton plants from less convenient places to that city. Another important industry is silk filatures, which gives employment to about 20,000 workers. There are also extensively developed soap works, chemical works, paper and flour mills, tanneries, oil mills, match factories, tobacco factories, printing and lithographic works. Large engineering and shipbuilding establishments form very conspicuous features of this place, and it is interesting to note that the United States Shipbuilding Corporation has recently closed a contract for the construction of several vessels with a Shanghai shipbuilding company. All the materials, except 40,000 tons of plates, are to be obtained in China.

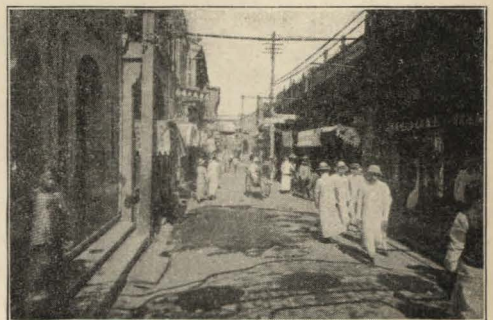
Peking

Peking, the capital of China, has a population of over 1,000,000. In addition to being a political centre, it serves as a commercial focus on account of its good communication with other parts of the country. Railways connect it directly with the great commercial cities, such as Kalgan, Tientsin, and Hankow. In addi-

tion to the railways, many roads radiate from Peking, the longest being that to Lhaza, the capital of Tibet, which is 4,713 miles long, and the daily arrival of caravans adds to the picturesqueness of the city. Water traffic is unloaded at Tungchow, a few miles to the east, and is transported by cart over a stone road to Peking. Tungchow is on the Pei River and is connected directly with Peking by an artificial canal.

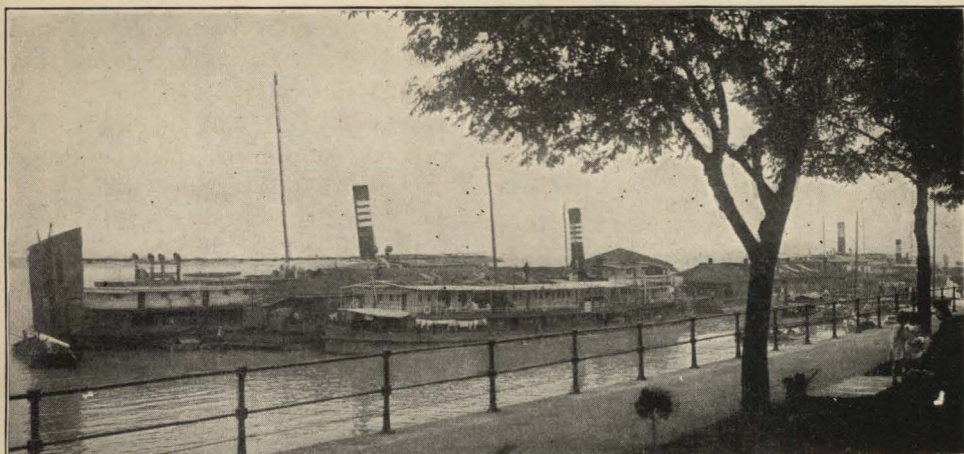
Tientsin

Tientsin, with a population of about 800,000, situated at the junction of the Hai River and the Grand Canal, and a railway center for many lines, is in both a commercial and industrial sense, the most important city of North China. Through the junction of the Peking-Mukden and Tientsin-Pukow Railway lines and the proximity of the Peking-Hankow line, Tientsin is in touch with the Lower and Middle Yangtze regions, with Peking, Korea, Manchuria, and Europe. A large shipping trade is carried on from March to December, both in Chinese and in foreign vessels. The leading industries are the making of Chinese rugs and carpets, wool cleaning and packing, braid making, bristle sorting, salt production, and the tea transit trade, developed by the Russians. The iron in-



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A street in Peking



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On the Yangtze Kiang at Hankow

dustry is also becoming an important factor. The chief exports are raw cotton and wool, goat skins, pig bristles, linseed, ground nuts, spirits, medicine, beans, etc. The chief imports are cotton goods, cigarettes, kerosene, machinery, railway material, sugar, and flour.

Hankow

Hankow, with a population of 800,000, is the leading commercial city of central China and is probably destined to be the Chicago of China. It is located about 600 miles from the sea on the left bank of the Yangtze River, at the limit of navigation for ocean-going steamships, and by these it is attainable for some nine months of the year. Small river steamers and boats are able to navigate over 1,000 miles farther up the Yangtze River to the west from Hankow, while the Han River is navigable for over 300 miles northwest from Hankow. Through the Yangtze River and the Poyang Lake, Hankow is in direct communication with the resourceful provinces of Kiang-so to the south. The southern terminus of the Peking-Hankow Railway, and the northern important terminus for the Canton-Hankow Railway, the Hankow Railway

and the Hankow Szechwan Railway, which is under construction, will make this port the leading city of central China. Hankow, Wuchang and Hanyang, known as the Wuhan group of cities, with a population of 1,300,000 form the commercial, industrial, and financial heart of China and occupy a position unique both commercially and economically. It is estimated, in fact, that Hankow is the distributing point for more than 80,000,000 people.

The tea industry has become the principal one of Hankow in recent years. There have been established also match and albumin factories, and the curing of hides is carried on extensively. Hankow's main exports are beans, bristles, flour, furs, hides, iron goods, silk, tea, and wood oil. The imports are rice, sesamum seed, tobacco, silk, sugar, medicinal plants, musk, and furs from the interior of China; and from abroad, cotton goods, sugar, kerosene, and sundries.

Harbin

Harbin, with a population of 65,000, is the most important trading center in Manchuria. Its location on the Sungari gives it direct water communication with

Vladivostock. Here also is the junction of the Chinese Eastern Railway with the South Manchurian Railway. The former road is a link in the great Trans-Siberian system, while the latter line leads to Dairen and Port Arthur. Both roads have tributary lines in Manchuria, and Mukden is the junction point of the South Manchurian Railway with the lines leading into China proper and Korea. In March, 1916, Russia obtained permission to build a road northward from Harbin by way of Mergen to Blogoveshchensk with a branch line to Tsitsihar. As an important gateway into Mongolia, Harbin will benefit by whatever industrial development may take place in this province. Harbin is the center for all trade routes in Northern and Central Manchuria and the great center of foreign trade exchange, particularly between Russia and China. Foreign goods, as well as locally manufactured products, are not only consumed on the spot in large quantities, but are also in demand in the other markets dependent on Harbin. It is the center of a great expanse of territory in which the soya bean is extensively cultivated.

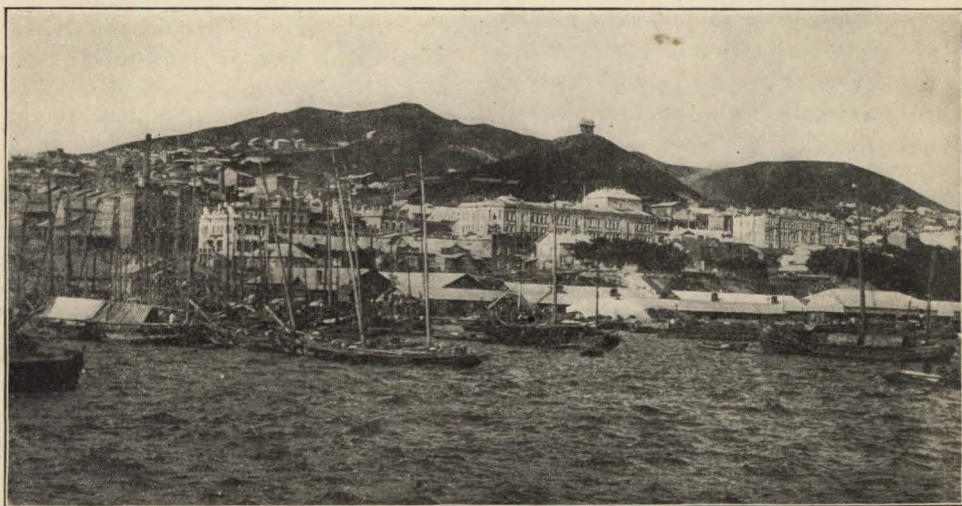
The goods in demand there include textile fabrics, cigarettes, beer, spirits, etc. Harbin is a large export center of all kinds of grain, soya beans, and eggs, and there is an increasing exportation of meat, hides, wool, and kindred products.

Vladivostock

Vladivostock, with a population of about 92,000, is the capital of the Amur Province of Siberia, and the Chief Russian commercial and naval port on the Pacific. Its position as the eastern terminus of the Trans-Siberian Railway greatly adds to its importance. The imports consist of manufactures and the exports of raw materials. With a return of settled conditions in Siberia, the importance of this point as a commercial center will be materially increased.

Resources

The territory to be reached by the Asia Banking Corporation has a variety of resources and a variety of climatic conditions, varying from the cool temperate section of northern Manchuria to the



Along the water front of Vladivostock

sub-tropical section of the area tributary to Hankow and Shanghai in the South. Manchuria in the North is primarily an agricultural section, resembling Dakota in climatic and physical features, with an area greater than New York, Pennsylvania and Texas combined. The principal agricultural products are beans, maize, millet, wheat, wool, tobacco, hemp, and rice. The agricultural products which figure mainly in the export trade are beans, bean cake, bean oil, and cereals.

Manchuria has large areas of virgin forest, but adequate transportation is lacking to make the timber resources of much commercial value. Mineral wealth is abundant, southern Manchuria being one vast coal field. The Fushun mine is probably the best known of those now in operation, with 20,000 workers. It is estimated that the seams which are being worked contain approximately 800,000,000 tons of easily accessible coal. Coal is found quite generally in the northern part of Manchuria, but primitive mining methods and lack of adequate capital have prevented the full development of coal mining in this section.

China, at its present stage of development, is mainly an agricultural country. The great plains of the northeast forming a great half circle with the Shantung peninsula at the center, and the extensive flood plains of the lower Yangtze constitute the only large plains areas in China, which comprise scarcely $\frac{1}{8}$ of China's surface. Elsewhere only the narrow flood plains and small deltas relieve the usual monotony of the slope and mountain regions. The northern or great plains constitute for the most part the Hwang-ho delta, reaching inland for 400 miles. The Yangtze plain extends inland in a series of basins for 600 miles, separated from the great northern plains by



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A street in Hong Kong

ranges of hills and mountains. These two plains coalesce, however, in the east so that continuous wide plains extend from Hang-Chow to Peking, a distance of about 750 miles. The Yangtze plain extends inland 1,000 miles. These extensive plains equal in area that of Ohio, Indiana, Illinois, and Kentucky, and constitute the great agricultural resources of China. They now support an enormous population—fully 40% of China's total—and furnish food and raw materials for export.

Among the most extensively cultivated agricultural products of the Northern and Central China are soya beans, rice, cotton, tea, silk, ground nuts, hemp, jute, castor oil, apricots, etc. Of farm products, eggs, egg albumin, feathers, etc., are exported in great quantities. Animal products such as furs, wool, skins and hides, goat skins, and bristles form a very important part of China's exports.

Mineral Resources

Generally speaking there is a variety of mineral resources in most of the provinces of China and scientific surveys are almost sure to reveal mineral deposits now unknown, even to the Chinese. The most abundant mineral deposits of the country consist of coal and iron. The



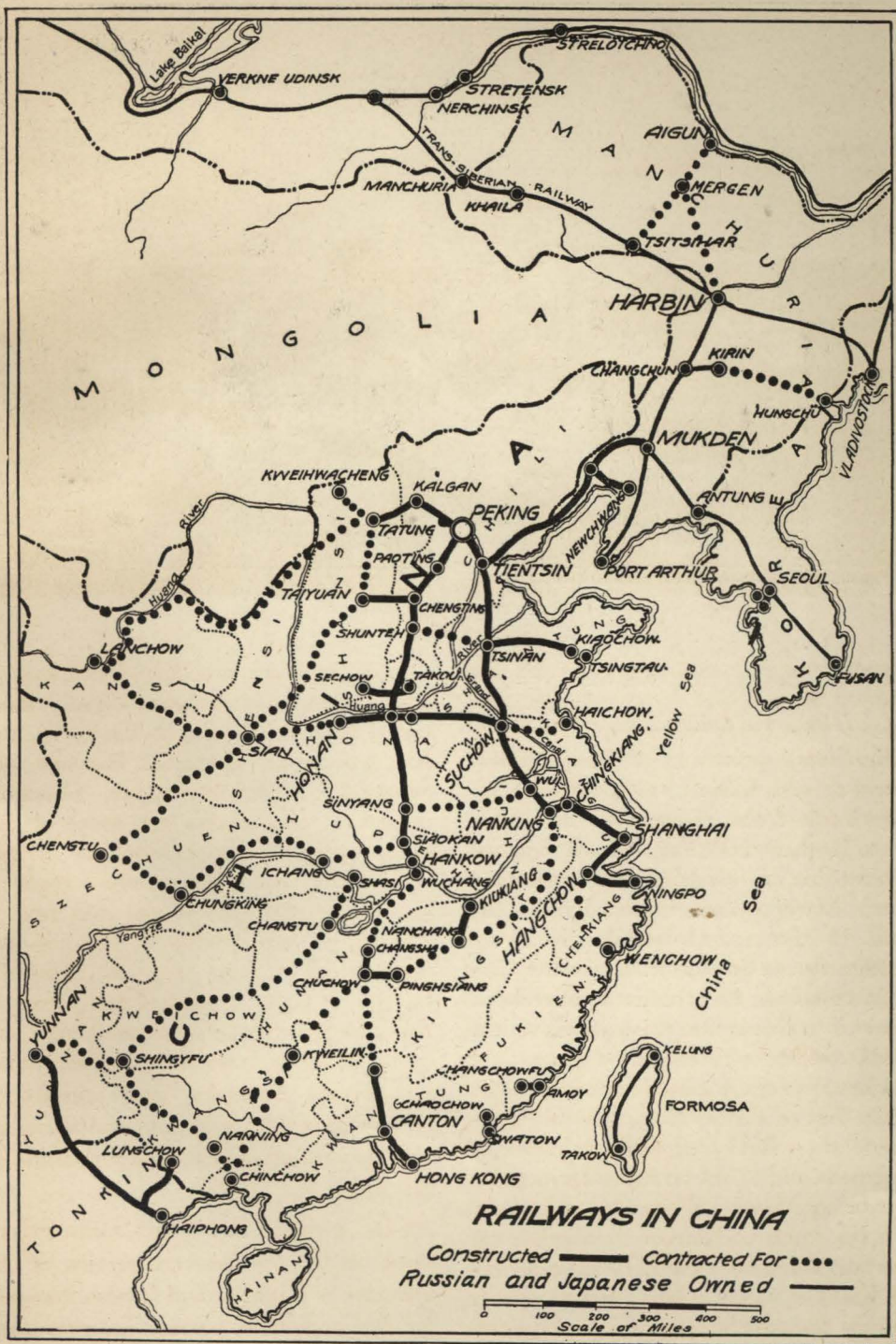
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Harbor of Hong Kong

largest coal area in Northern China consists of Shan-si field, occupying the province of that name but extending into the neighboring provinces of Honan Chi-li, Shan-si, and Kan-su. This territory lies westward of the railroad line extending from Hankow to Peking. Richthofen estimated that in this field there were more than 30,000 square miles of coal. The coal of the eastern section is mainly anthracite, while that of the western part is bituminous. Richthofen estimated that there is sufficient fuel there to supply the whole world for thousands of years. The anthracite area is estimated to be larger than that of Pennsylvania. Near Peking there are several coal fields accessible to railroads and to sea transportation which are being extensively operated at present. To the south of Hankow is another important coal area located in the province of Kiang-si which is being mined now to supply the government iron works established at Hankow.

Like coal, iron is widely distributed in China, and is often found closely associated with it. Honan, to the north, and Kiang-si, to the south, of Hankow, are reported to be rich in iron ore. The most important iron plants are those of the Hanyehping Company, which are located at Hankow, and which produce approximately 150,000 tons of pig iron yearly. The extent and quality of the iron ore deposits of China are not definitely known. It is the opinion of many experts that the reserves of iron in China are quite similar to those of the United States and Brazil. Antimony also appears to be very abundant in Honan and Kiang-si, and there is considerable export trade of this metal.

Clay deposits are found quite extensively in the northeastern section of the province of Kiang-si and furnish material for the important pottery industry that has grown up there. Among other min-



Courtesy of Asia, Journal of the American Asiatic Corporation



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The Plaza at Dairen, Manchuria

erals mined in China are gold, silver, sulphur, asbestos, tin, lead, etc.

The Awakening of a Nation

China has occupied a place of more or less complete separation from the rest of the world. The mountain areas of the Northwest, West, and Southwest have impeded communication with peoples of those sections, while the great expanse of the seas has restricted the relations with the peoples across the water. Thus the Chinese, of all the large nations, have been allowed to live a life of isolation, which, in certain respects, has led to stagnation, rather than growth, of industry. But China is gradually awakening and is opening for the development of her immense resources, of which she has little definite knowledge.

In the economic life of a nation, there are several fairly distinct stages of development. A considerable portion of central and northern China has passed through the agricultural stage, although

the development has been along primitive lines and there is need of scientific methods. Intensive development has produced a density of population which is not equalled by other agricultural nations.

China is ready to enter the industrial stage. The supply of cheap and industrious labor, a variety of natural resources, practically untouched, and sufficient food immediately available, constitute a remarkable combination of economic factors awaiting the touch of industrial and financial leadership. China will need capital for the development of means of communication, for the construction of industrial plants, for the development of its mineral resources, and for agricultural equipment to modernize her agricultural system. American capital should play its part in supplying the material that is needed to develop the resources of China and assist in realizing the vast industrial possibilities of the country.

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